December 29, 2010

Sharon Gillett, Chief
Wireline Competition Bureau
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20554

Re: WC Docket No. 02-60

Dear Ms. Gillett:

On behalf of the Health Information Exchange of Montana, Inc. (HIEM), I write to request the
Wireline Competition Bureau (WCB) grant HIEM $13.33 million in additional Rural Health
Care Pilot Program (RHCPP) funding. HIEM was initially awarded $13.6 million in Pilot
Program funding out of a $22.1 million potential award. The additional requested amount
reflects the $8.5 million un-awarded balance of our original RHCPP funding request, plus
additional RHCPP funding in the amount of $4.83 million that HIEM needs in order to complete
our network as it was originally envisioned.

We make this request now because it appears a significant amount of the $417 million that the
Commission set aside for the RHCPP has been relinquished by other projects[1] and may be lost
unless WCB designates successor projects.[2] HIEM strongly believes any relinquished RHCPP
funding should be redirected to projects such as ours that have shown substantial progress with
their original awards. HIEM's success utilizing its original RHCPP award demonstrates HIEM
would be a creditable successor project for relinquished RHCPP funds. Effective use of such
relinquished RHCPP funding is clearly in the public interest.

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[1] *See, e.g.,* Letter from Bradley S. Williams, CIO, Kansas Board of Regents and Kan-Ed Executive Director, to Jeff
Mitchell, Administrator, Universal Service Administrative Company, WC Docket No. 02-60 (Apr. 30, 2010),
available at http://fjallfoss.fcc.gov/ecfs/document/view?id=7020511858 (relinquishing $3.8 million Pilot Program
award). Based on research of required quarterly reports on the FCC's Electronic Comment Filing System, numerous
other projects also appear inactive.

[2] The Commission specifically delegated authority to WCB to designate successor projects. *See Rural Health Care
Support Mechanism,* WC Docket No. 02-60, Order , 22 FCC Rcd. at 20422, ¶124 (2007) (*Pilot Program Selection
Order*) ("In instances where a selected participant, including a consortium, is unable to participate in the Pilot
Program…a successor may be designated by [WCB]."). WCB has previously designated successor projects where it
was in the public interest and otherwise furthered the goals of the RHCPP. *See, e.g., Rural Health Care Support
Mechanism, Juniata Valley Network and Pennsylvania Mountains Healthcare Alliance Request/or Merger 0/Rural
Health Care Pilot Program Projects,* WC Docket No. 02-60, Order, DA 09-1782, ¶ 6 (Wireline Comp. Bur. 2009)
(*Pennsylvania Mountains Merger Order*).

Background

The HIEM's original May 2007 RHCPP application sought support for a project that would cost $26 million spread over five years. In contrast, many projects requested all their funding in the first year or two. When the Commission made RHCPP awards, it did so based on the amount of funding requested in an applicant's first two years.[3] As a result, the HIEM's award represented 62% of its original request.[4] Less than six of the 69 original RHCPP awardees had their awards similarly reduced. Receiving maximum potential funding of only 62% percent of the original project put the HIEM in the unfortunate position of implementing only a portion of the network originally envisioned for our region.

Despite this setback, the HIEM has made significant progress in its network build throughout a large and diverse geographic area in northwest and northcentral Montana. To date, we have:

- Succeeded in laying fiber across the Continental Divide, a stretch of over 185 miles through very mountainous terrain (RFP #1). This backbone will be "turned over" to the HIEM in January 2011, nearly two years after construction commenced.

- Selected a vendor to construct approximately 90 miles of fiber to the remote community of Libby, Montana – location of one of the largest Super Fund clean-up sites in the nation (RFP #2).

- Completed engineering and cost estimates for all local connections from the Continental Divide backbone to HIEM participating sites (RFP #3).

- Entered into a bandwidth exchange agreement via HIEM excess capacity with a local non-profit telephone cooperative to provide connections from this backbone to seven healthcare and healthcare education facilities at no cost to the RHCPP.

- Completed the RFP review process for temporary broadband connections to an additional thirteen eligible health care sites and will be awarding contracts to two local telecommunications providers in the next month (RFP #4).

- Posted a RFP for electronics/optronics to light HIEM fiber and provide significantly improved bandwidth connections to all participating HIEM sites (RFP #5).

Even with this considerable progress, without the originally requested RHCPP funding, HIEM will not be able to accomplish the objectives set forth in our original RHCPP application. Our original network design anticipated development of over 650 miles of a fully redundant, high capacity fiber network between eligible health care entities in the region. Without the additional funding, broadband links on the Western portion of the HIEM network will be limited to a short-term, leased service with a maximum capacity of 100Mb, and no completely redundant physical

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[3] *See* Pilot Program Selection Order at ¶ 35.

[4] HIEM's actual RHCPP award was thus based on a project size of about $16 million (rather than the original $26 million proposed) with $13.6 million (85%) of RHCPP support available.

path will be provided anywhere within the HIEM network to protect critical health care communications from connectivity interruptions – planned or unplanned. Participating health care entities will be left with "improved" connectivity but without an ability to access greater bandwidth at an affordable price as technology and health care demands increase.

However, if the requests below are approved, HIEM will be empowered to provide fiber connectivity to all eligible health care providers within the region thus ensuring a secure, high capacity, efficient, cost-effective, future-proofed network for at least the next 25-30 years. We now estimate the cost to complete the HIEM network as originally envisioned to be $31.68 million, reflecting a $5.68 million increase over the $26 million original cost estimate. The increase is due to greater costs for labor and materials and otherwise reflects more detailed information than was available when our application was originally submitted.

Our Requests

For the reasons discussed above, we request the WCB to:

1. Award HIEM a total of $13.33 million in additional RHCPP funding in order to complete our broadband network development.[5] Of this amount:

   - $8.5 million reflects the un-awarded balance from HIEM's original RHCPP application request; and

   - $4.83 million reflects additional RHCPP funding HIEM is requesting to cover increased costs for construction of our rural healthcare network.

2. Grant HIEM until June 30, 2013 to develop and post RFPs for this additional funding, select vendors, negotiate contracts, prepare and file required paperwork and apply for Funding Commitment Letters.
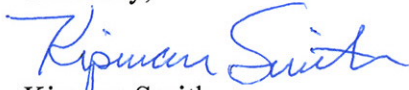
The Rural Health Care Pilot Program has provided critical funding to assist HIEM in constructing a broadband network that is well positioned to link up health care providers in Northwest Montana. We remain enthusiastic about this opportunity and desire to use all available funding to build an effective, high-quality healthcare network in rural/frontier Montana. The proposed requests for additional funding and time will ensure HIEM can efficiently develop our full network design and continue to further the goals of the Rural Health Care Pilot Program.

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[5] Representing 85% of the $15.68 million estimate to complete the HIEM network as originally envisioned.

Should you have any questions or require additional information, please contact me directly at 406-751-6687 or kipsmith@krmc.org.

Sincerely,

Kipman Smith
Executive Director

cc: Trent Harkrader, Chief, Telecommunications Access Policy Division
Jamie Susskind, Attorney Advisor, Telecommunications Access Policy Division
Jeffrey A. Mitchell, Esq., Lukas Nace Gutierrez & Sachs, LLP